How to Build and Maintain a Successful Employee Recognition Program

By Susan Snipes

Implementing a successful employee recognition program can give your organization a decisive competitive advantage. Employee recognition has been shown to improve engagement, reduce turnover, increase productivity, and more. You want a recognition program, but where do you start?

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When you enthusiastically announce to your leadership team, "We need an employee recognition program", you are likely to encounter one of two typical responses:

The business outcomes response. In this scenario, the leadership team acknowledges that a recognition program would be "nice", but they want to see a cost-benefits analysis before allocating resources to such an undertaking. They want to know how the program will further the company's short and long-term goals and overall mission.

This means more work for you, and you might wonder how you can prove that a formal recognition program will work for your organization. This is actually a great opportunity to flex your business acumen muscles. By leveraging the right resources, you can show that you are a true partner who understands what the organization needs. And all the data you need to support your case is readily available...if you know where to look.

The gut-feel response. Not all leaders are driven by data. In this scenario, the leadership team immediately says, "Yes, agreed! Go ahead and put one together for us" with no questions asked. Someone from the leadership team may have even approached you first about creating a program.

The executive who assigned you this project may or may not have any clear expectation of what the program should look like, and you may get sent back to the drawing board repeatedly. And the high level of enthusiasm and energy around the project may fizzle out if quick progress is not seen. Lacking clear direction can be extremely frustrating and dejecting, and it can end up taking you more time than if you had done a full analysis and presented options upfront.

Either type of response requires you dig deep and really evaluate why your organization needs a recognition program, what types of recognition make the most sense, and how to successfully implement the program.

Establish your business case for recognition.

One of the best ways to establish a business case is to tie your expected project outcomes to desired business outcomes. Ask yourself: What problems might an employee recognition program solve, and how does solving those problems further the company's business objectives? How do I show that the benefits outweigh the costs?

A great employee recognition program generates employee engagement and is likely to solve problems like high turnover, low morale, and performance plateaus.

Turn around turnover.

When employees leave, the cost of replacing them can noticeably damage a business's bottom line. You must consider not only the recruiting costs but the cost to train and recover lost knowledge and efficiency. Then there are the hidden costs like the negative impact on morale when an employee leaves.

Depending on the industry and position needing to be filled, turnover can cost anywhere from 16% to 213% of an employees' annual salary. Specific costs associated with replacing an employee include an increased unemployment tax rate, writing and posting a job description, interviewing candidates, paying referral bonuses, increasing the workload of existing employees while a position is open, and training new hires.

There are several tools and resources available to help you calculate the true cost of employee turnover for your organization.

One proven way to retain valued employees and reduce costs is to recognize employees for their contributions. Research by Josh Bersin showed that the companies that scored the highest in building a recognition-rich culture had 31% less voluntary turnover than those with lower recognition scores. This is likely because employees who don't feel recognized are twice as likely to quit within a year. And 83% of respondents in a study featured in Psychology Today stated that being recognized for their contributions was more fulfilling than monetary rewards alone.

Consider engagement.

Recognition effectively solves these common business problems because it is directly linked to employee engagement. Engagement (inclusive of but not the same as "happiness") is the increased participation and enthusiasm level of an employee towards work. An engaged employee takes positive action to further the company's goals and reputation.

Unmotivated, detached employees show less dedication to their work than incentivized, engaged individuals. When employees are unhappy at work, their productivity suffers due to increased absenteeism, disorganized workspaces, conflicts with coworkers and insubordination. Key competencies required for employees to succeed like creativity and self-directedness also suffer. This results in workers getting caught in a low morale loop due to poor performance and the resulting lack of recognition.

Research supports the position that your new employee recognition program will increase engagement. [58%](#) of professionals feel that leaders could do more to improve engagement through giving recognition. And Willis Towers Watson found that recognition increases employee engagement up to [60%](#).

With the strong link between productivity and engagement, it is clear that employees require recognition to perform their best. By providing your leadership team with[estimated costs](#) of morale-related downtime, you can make a strong business case for recognition.

Compare benefits with costs.

We've established the potential benefits of recognition programs, but how much does a good recognition program cost to administer? It may surprise you to learn that recognition programs do not have to be expensive to be effective. 81% of companies that include a recognition program in their budgets spend [less than 1%](#) of their payroll budgets on those programs.

Many companies, particularly smaller ones, can use existing resources that are already in the budget for employee recognition. Larger companies may need to take a closer look at budget flexibility, since having more employees could warrant a dedicated Employee Engagement Specialist.

To reduce the labor cost to program quality ratio, affordable [employee recognition tools](#) can be leveraged. These tools typically charge a small per-employee fee, include automated functionality, and use a built-in framework to increase the likelihood of program success.

You must also account for the costs of any awards or prizes with monetary value. Such awards can be augmented with other non-monetary types of recognition to maximize impact without maximizing expenses.

Assemble a team of program champions.

You've received leadership buy-in from the financial and cultural viewpoint, and you are ready to start putting together the actual program. Before implementation comes planning, and, in order to plan effectively, you will need help. Seek out several champions to help conceptualize, promote, communicate, implement and reinforce your recognition program. These champions should ideally:

- be interested in participating (no mandatory fun, please)
- be in front-line leadership positions
- understand how the program benefits employees and the business
- understand what motivates people on their team
- be willing and able to make the program a priority
- be exemplary employees (no performance or conduct issues)

Program champions with the above characteristics will be closest to the heartbeat of the organization and will provide the most helpful insights. They will also be in the best position to ensure program success.

Choose the right rewards.

Align rewards with company culture and core values.

Every company has its own unique vibe based on its leadership, employee population, and industry (among other things). This "personality" is one component of a company's culture.

Many companies adopt [core values](#) to explain what individuals need to believe, do, or be to enjoy success.

[Rewards and recognition](#) should support these values to promote and reinforce the right company outcomes. If your company values individual empowerment, you might consider letting employees to select their own rewards from a pre-approved list of options. If your company values fairness, then the rewards might need to be more standardized, equitable and closely monitored to avoid too many payouts to the same people.

Offer a variety of rewards that cater to individual preference.

Different people enjoy different types of rewards. A points system where employees rack up recognition bucks to spend on a variety of prizes is one great way to accommodate personal preference. Prizes can include cash, gift cards, items, PTO, or all-expense-paid vacations. You can even let employees save up their bucks and combine prizes for the ultimate reward. Of course any extrinsic rewards should be accompanied by intrinsic rewards like public praise and personalized thank you notes.

Don't forget to discuss rewards around [work anniversaries](#), birthdays, and other important moments.
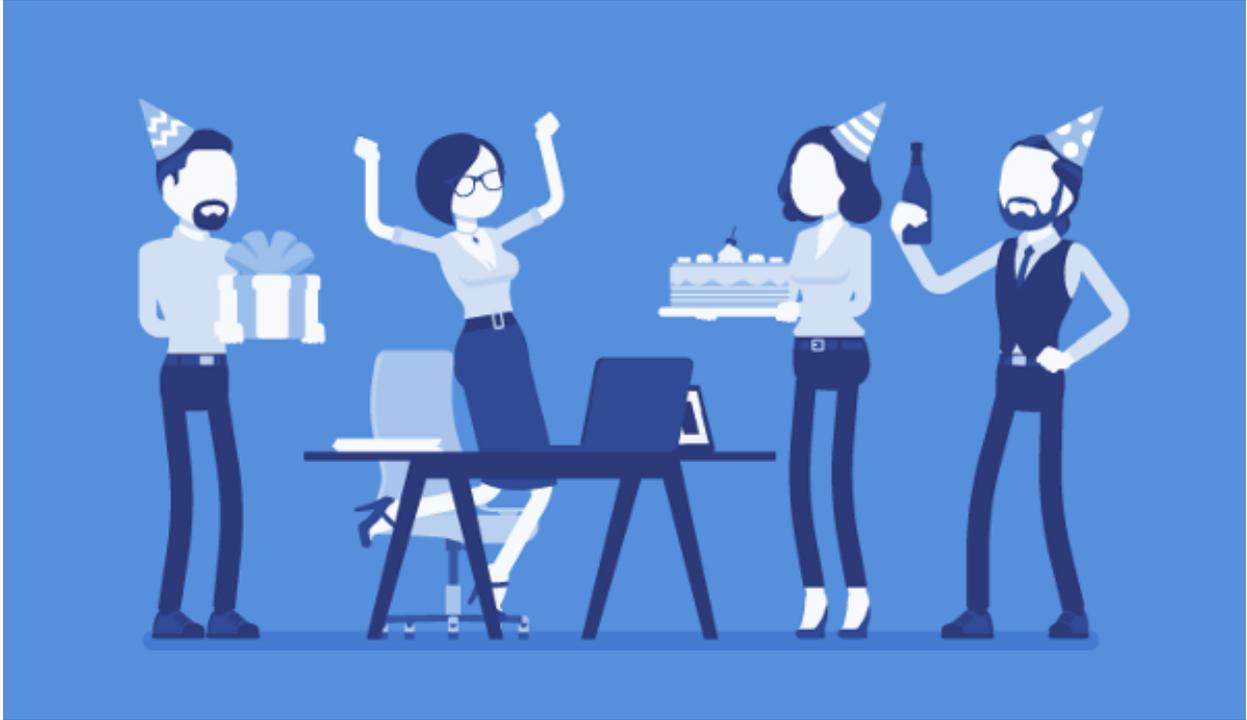
Understand effective recognition.

Appreciate thoughtfully.

Before starting any employee recognition program, make sure that your team understands how to thoughtfully appreciate one another. Recognition should be specific, timely, frequent, visible, values-based, and inclusive. Remember that any recognition isn't measured at your own mouth but at the ears of the recipient. That means you'll want to regularly appreciate others as soon as possible, tying praise to purpose.

It may take some time, but you'll see the "Great job in that meeting!" turn into "Wow, the case study research you shared during today's meeting made a huge difference in convincing the our customer to adopt our solution. We're so glad you're a part of the team!" Of course, you'll want to share this kind of praise right after the action takes place instead of hearing about it at next quarter's review.

Use the Situation, Behavior, Impact model.

Originally developed by the Center for Creative Leadership, the Situation, Behavior, Impact is a framework to give feedback in a way that strengthens trust and foster understanding between parties. It's often referenced in advice for giving constructive feedback and can also be used to share effective recognition.

Allow for manager and peer recognition.

There are many competencies and behaviors that you may want to reward that go unnoticed by some. A payroll specialist who always goes the extra mile to help managers get correct employee time in before payroll is run might get high praise from her internal customers. The same accomplishment might be ignored or underappreciated by her boss or department head. By allowing positive peer feedback, you increase the likelihood that everyone will get recognized for their meaningful contributions.

Have a plan to avoid incorrect or under recognition.

Identify recognition best practices for rewarding team members. Do not focus on individual people when designing the reward system. Instead, focus on the accomplishments and behaviors you want to recognize and share guidelines on how to give great recognition.

The company's main focus may shift over time based on their current pain points. For example, collaboration might be a main focus one month. In this case, emphasizing your teamwork bonus might be most appropriate. Another month, creativity could be suffering, so promoting your innovation bonus would make more sense.

It is also important to ensure that the rewards are going to the right people. Even if they are going to the right people, certain patterns of reward issuance may look suspicious or unfair to others. Since perception is reality, you want to design your program to avoid even perceived favoritism. Some recognition programs will automatically [flag suspicious behavior](#).

Keep constructive or critical feedback separate.

The employee recognition program is strictly an opportunity to reward and recognize good results and actions. It is not appropriate to use a recognition platform to point out people's shortcomings and opportunities for improvement. Those constructive conversations are also critical to an employee's success and should definitely occur, just not when delivering praise and rewards.

The mixed message combining praise with criticism sends (You're great at X, but we don't really care that much because you're also bad at Y) defeats the purpose of recognition and can tank your program.

For more on recognition best practices, take a look at [The Guide to Modern Employee Recognition](#) and [The Art and Science of Recognition: 5 Best Practices for Employee Recognition Programs](#).

Prepare and roll out your program.

Consider all-in-one recognition platforms for easy program implementation and management.

Complicated tracking and ongoing program maintenance isn't for everyone. If you prefer using one login to track and issue rewards, send and store program-related communications, surface employee accomplishments, then a platform like Bonuslymay be right for you and your organization.

"But I already have to login to our HRIS, ATS, IM, Email and about a million other systems every day." Perfect- Bonusly integrates with all of these types of systems. You can manage everything

from a platform you already use with either single-sign-on or with separate sign-ons to systems that automatically update each other. Either way, you save valuable time that can be reallocated towards making your recognition program successful.

Focus on timing and delivery.

Timing a delivery may decide the success or failure of your program. You need to find the best vehicles to communicate with employees about the new recognition initiative. Different types of workforces tend to prefer different methods of communication. For example, front line employees at a manufacturing plant may prefer to get important updates via SMS or use specialized kiosks, while administrative and managerial staff at an accounting firm might prefer email. Employees at a tech startup might prefer a smartphone app or a collaboration tool like Slack.

More than one method of communication should always be used. All-hands meetings may work for small to mid-sized organizations. And face-to-face, one-on-one time with employees is critical regardless of the industry or position type. Managers should also communicate with their teams in smaller team meetings about the program and show their support for the initiative. Since not all teams or individuals work in the same location, managers should include remote workers via video conferencing to share program information when needed.

Whatever you do, do not be afraid to "over communicate" about the program. Change is difficult for organizations, and employees should be reminded of the program rewards and requirements regularly. A bi-weekly reminder about the program that also highlights the rewards received by those who are actively participating helps increase participation levels and overall program awareness.

In addition to frequently communicating about the program, you'll need to announce employees' rewards and accomplishments. By issuing bonuses and other rewards and recognition as soon as possible, you address accomplishments while they are most relevant. Rewarding and recognizing people promptly also maximizes the behavioral impact by giving employees more time to associate the reward with the desired behavior.

Revisit and revise regularly.

No program is perfect, and even really great programs need to be well-maintained to remain effective. Soliciting program feedback quarterly can help you determine whether or not employees still value the types of rewards they are receiving. Managers' and Directors' feedback will provide further insight into whether or not the program is impacting job performance and business outcomes in a meaningful way.

In addition to evaluating the program, you should understand which outcomes are needed most. An annual engagement survey will help you identify the company's primary opportunities for improvement based on your company's ever changing employee population.

Once you've collected actionable data, make the improvements you can. For any desired improvements that you are unable to make, be sure to explain why (e.g. timing, cost, redundant to other initiatives, etc.).

Employee recognition is a powerful way for any organization to succeed, and using a specially-designed recognition program can be an extremely effective way for teams to feel valued, perform better, stay engaged, and more. We invite you to implement your own initiatives and start building a recognition-rich organizational culture.

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